

calliden

Tax Audit Insurance Policy

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Calliden Tax Audit
Insurance Policy

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Important Information

This Policy is a legal contract between you and us. You have paid, or agreed to pay, us the premium and we provide the cover specified in this Policy and as set out in your Schedule.

The terms, conditions and provisions of the insurance we offer you are set out in this Policy. It is important that you:

- read all of the Policy before you buy it to make sure that it gives you the protection you need
- are aware of the limits on the cover provided and the amounts we will pay you (including any Excess that applies)
- are aware of the definitions in your Policy. You will find definitions throughout your Policy.

You must comply with all provisions of this Policy, otherwise we may be entitled to refuse to pay a claim or reduce the amount you are entitled to receive.

The Policy is in force for the Period of Insurance set out in your Schedule or until cancelled.

For the limits on the cover provided:

- some of these will be stated in the Policy itself (these are our standard policy limits); and
- the remainder will be stated in your Schedule.

In some circumstances the terms and conditions of this Policy may be amended by endorsement. If your Policy is endorsed you will receive notification of the endorsement.

In issuing this Policy to you, we have relied upon the proposal form you have already completed.

Your Duty of Disclosure

This Policy is subject to the Insurance Contracts Act 1984. Under that Act you have a Duty of Disclosure.

Before you take out insurance with us, you have a duty to tell us of everything that you know, or could reasonably be expected to know, that is relevant to our decision to insure you and to the terms of that insurance. If you are not sure whether something is relevant you should inform us anyway.

You have the same duty to inform us of those matters before you renew, extend, vary, or reinstate your contract of insurance.

Your duty however does not require disclosure of matters that:

- reduce the risk
- are common knowledge

- we know or, in the ordinary course of our business, ought to know, or
- we have indicated we do not want to know.

If you do not comply with your duty of disclosure, we may be entitled to:

- reduce our liability for any claim
- cancel the contract
- refuse to pay the claim
- avoid the contract from its beginning, if your non-disclosure was fraudulent.

Taxation Information

The amount of cover available under this Policy excludes Goods and Services Tax (GST).

If you are not registered for GST, in the event of a claim we will reimburse you the GST component in addition to the amount that we pay.

The amount that we are liable to pay under this Policy will be reduced by the amount of any input tax credit that you are or may be entitled to claim for the supply of goods or services covered by that payment.

If you are entitled to an input tax credit for the Premium you must inform us of the extent of that entitlement at or before the time you make a claim under this Policy. We will not indemnify you for any GST liability, fines or penalties that arise from or are attributable to your failure to notify us of your entitlement (or correct entitlement) to an input tax credit on the Premium.

If you are liable to pay an Excess under this Policy, the amount payable will be calculated after deduction of any input tax credit that you are or may be entitled to claim on payment of the Excess.

If you are unsure about the taxation implications of this Policy, you should seek advice from your accountant or tax professional.

Privacy

Calliden respects your privacy and operates at all times in accordance with its privacy policy. This privacy notification provides a summary of how Calliden treats your privacy, and it is recommended that you read the policy in conjunction with this notice.

Calliden collects personal information to assess your request for insurance, to administer your Policy, provide other insurance services as requested by you, and also to notify you about other Calliden services or promotions from time to time. At the time of collecting

Important Information

your information we will inform you of the purpose for the collection and the consequences if you choose not to provide the information.

In order to provide its insurance services Calliden may need to share your information with third parties including your agent or broker and Calliden's reinsurers and claims providers (for a full list see Calliden's privacy policy).

In accordance with Calliden's privacy policy you may obtain access at any time to information that Calliden or its service providers hold on you. If you would like to contact Calliden about privacy, or would like to obtain a copy of the privacy policy you may do so through one of the following means:

- obtain the privacy policy online at www.calliden.com.au
- by phone 02 9551 1111
- by email to privacy@calliden.com.au
- by letter to Privacy Officer, PO Box 348, Milsons Point NSW 1565

Dispute Resolution Process

How You Can Resolve a Complaint You Have with Us

If you would like to make a complaint, we will do everything we can to try to resolve it as quickly and fairly as possible. The following paragraphs provide details on how you can lodge your complaint and how Calliden will try to resolve it.

You may contact us at any time if you are dissatisfied with any matter relating to your insurance with Calliden, including:

- our decision on your claim;
- our handling of your claim;
- the service of our representatives, assessors, loss adjusters or investigators; and
- your insurance Policy.

Contact Us

- If you have a complaint regarding your claim, please contact your claims consultant.
- If you have a complaint regarding your insurance Policy, please contact us on 02 9551 1111 and we will try to resolve your complaint straight away.
- You can write to us at:
 - Fax: 02 9551 1155
 - Address: PO Box 348, Milsons Point NSW 1565

How We Resolve Complaints

- We will address all complaints, except where specific circumstances apply, in accordance with Calliden's Complaints Handling Process. This process is compliant with the Insurance Council of Australia's Code of Practice. Both the Code of Practice and our Complaints Brochure, which contains a guide to our process, are available upon request.
- We will handle all complaints without cost to you.
- A complaints consultant will be assigned to the management of your complaint and will acknowledge your complaint within 2 business days of receipt. If further information is required to consider the complaint, it will be requested at this time.
- The complaints consultant will aim to resolve your complaint within a further 13 business days. In certain circumstances a longer period may be required, and we will request a later response date.
- The outcome of the complaint will be advised to you in writing, stating our reasons and any corrective action that will be undertaken.

If Your Complaint is Still Unresolved

If we cannot resolve your complaint within 15 business days or you are not happy with our response to your complaint, you can seek an external review via our external dispute resolution scheme, administered by the Financial Ombudsman Service (FOS).

This national scheme is for consumers, free of charge and is aimed at resolving disputes between insureds and their insurance companies.

For more information call 1300 78 08 08 or visit www.fos.org.au

If the FOS is unable to address your complaint then Calliden may be able to provide you with details of an alternative external dispute resolution service.

General Insurance Code of Practice

Calliden is a signatory to the General Insurance Code of Practice (Code). The Code aims to raise standards of service between insurers and their customers. Calliden's service standards are in accordance with the Code.

For any information about the Code, including a copy of the Code, contact us or the Financial Ombudsman Service on 1300 78 08 08 or visit www.codeofpractice.com.au

Definitions

The meaning of some of the important words and terms used in this **Policy** are shown below.

Act of terrorism includes any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

- i. involves violence against one or more persons;
- ii. involves damage to property;
- iii. endangers life other than that of the person committing the action;
- iv. creates a risk to health or safety of the public or a section of the public; or
- v. is designed to interfere with or to disrupt an electronic system.

Accountant means a person whose profession is inspecting and auditing business accounts, including registered tax agents.

Accountant's fees means fees, charges and expenses and disbursements rendered by any accountant, assessor, consultant, investigator or by any mediator appointed by any alternative dispute resolution centre which are reasonably and properly incurred in relation to any **Audit**.

Audit means an investigation of **your** tax or financial affairs conducted by a relevant statutory body pursuant to the:

- 1) Income Tax Assessment Act 1936
- 2) The Fringe Benefits Tax Assessment Act 1986 and Fringe Benefits Act 1986
- 3) Section 10 of the Crimes Act (Cth) 1910
- 4) Payroll Tax Act (relevant state act)

- 5) Sales Tax Assessment Act 1992
- 6) Taxation Administration Act 1953
- 7) Superannuation Guarantee Charge Act 1992
- 8) A New Tax System (Goods and Services Tax) Act 1999;
or any other legislation intended to replace such legislation, related to statutory tax audits which incur accounting costs arising in the course of and in the normal conduct of **your Business**.

Business means your business, trade or profession, as specified in the **Schedule**.

Excess means the first amount which **you** have to pay towards the cost of a claim under **your Policy**.

Period of Insurance

The period specified in the **Schedule**.

Policy

Policy means the covers available within the **Business Insurance Policy** which **you** decide to take out.

The **Policy** provisions are set out in **your** insurance contract.

Premium

The amount payable by **you** for the insurance provided by **us** under this **Policy** including all applicable taxes, duties and imposts.

Sum Insured

the amount specified in the **Schedule**. At all times, **our** liability is limited to the **Sum Insured** stated in the **Schedule** less the **Excess** shown.

We, Us, or Our

Calliden Insurance Limited (Calliden)
(ABN 47 004 125 268, AFSL. 234438)

You or Your means each person, company or other entity specified in the **Schedule** as being insured under this **Policy**.

1. Cover Provided

We will pay **you** on the basis set out below and up to the limits specified in the **Schedule** for **your** liability to pay the **fees** of an **Accountant** engaged by **you** in connection with an **Audit** of **your Business**.

We will pay **your Accountant's fees** in relation to an **Audit** of **your Business** if:

- a) The **Audit** arose out of the normal course of **your Business**; and
- b) notification of the **Audit** occurred during the **Period of Insurance**; and
- c) notification of the **Audit** is given to **us** during the **Period of Insurance**.

We will not pay **you** in respect of any of the matters set out in the Exclusions. **You** must comply with the Conditions.

Basis of Settlement

Our Limit of Liability

Our liability is limited to the **Sum Insured** stated in the **Schedule** during any one **Period of Insurance**. The **Sum Insured** applies to all **Audits** arising out of the same event as if they were one **Audit**.

Excess

You must pay the amount of the **Excess** stated in the **Schedule**. The **Sum Insured** does not include the **Excess**.

Right of Recovery

If any **Audit** results in **you** receiving an award of damages, **you** must pay a pro rata proportion of those damages to **us** calculated on the basis of **our** contribution to **Accountants' fees**.

2. Conditions

An **Audit** starts at the time **you** first receive notice that the auditor proposed to conduct an **Audit**, and is completed when:

- a) the auditor gives written notice that the **Audit** is completed; or
- b) the auditor notifies **you** that it has made a decision about a liability; or
- c) when the auditor has issued an assessment or amended assessment in relation to a liability.

Consent

We have no liability to pay any **Accountant's fees** unless these are incurred with **our** prior consent.

We will be entitled to withdraw any indemnity granted under this **Policy** if it appears **you** have no reasonable grounds for defending the **Audit**. **We** shall not be liable for any **Accountant's fees** incurred after **you** receive notice of the withdrawal.

We have the right to have the reasonableness of any **Accountant's fees** assessed by an external party or expert.

Due Care

You must at all times exercise due care and take all necessary precautions to avoid incurring any liability which might give rise to a claim under this **Policy** and must not pursue any course of action which is probable to result in a claim under this **Policy**.

You must lodge taxation and other returns within the time limits applicable to those returns as prescribed by statute or through any extension of time granted by a Federal or State Commissioner of Taxation. **You** must make full and complete disclosure of all assessable income (including any capital gains), as required by any relevant legislation.

2. Conditions (cont'd)

Claims

If an **Audit** starts and **you** want to make a claim:

- a) **You** must advise **us** immediately of any claim or circumstance that might give rise to a claim;
- b) **You** must at all times keep **us** fully and continually informed of all material developments in relation to the claim and in relation to any **Audit**;
- c) **You** must take all necessary and reasonable steps to minimise any delays and the amount of any costs incurred or likely to be incurred in connection with any **Audit**;
- d) **We** or **our** agent can make **our** own investigation into any matter in relation to a claim;
- e) **You** must ensure that **your Accountant**, registered tax agent and/or solicitor cooperate with **us** and where necessary, assist **us** in relation to any claim, and assist **us** with any matter **we** wish to pursue with the Commissioner of Taxation or other statutory body in relation to a claim.
- f) **You** must not unreasonably refuse to follow the advice of **your Accountant**.
- g) **You** must provide **your Accountant** all cooperation required in the pursuit or defence of the **Audit**.
- h) **You** must use alternative dispute resolution procedures to resolve any anticipated or actual **Audit** if **we** request this.
- i) **You** must advise **us** immediately of any change in **your Business** and pay any additional **Premium we** require.

Alteration of Risk

You must immediately notify **us** in writing of any alteration to the facts or circumstances relating to **your Business** that existed when **we** agreed to insure **you** under this **Policy**. If **we** agree in writing to insure the altered risk, **you** must pay any additional **Premium** requested by **us**. If **we** do not agree to insure the altered risk or if **you** do not pay the additional **Premium**, **we** will not indemnify **you** for any liability caused by or arising directly or indirectly out of or in connection with such alteration.

Joint Insureds

Where **you** comprise more than one party:

- a) the **Proposal** is deemed to have been furnished by and on behalf of all parties and any information supplied to **us** or any omission, misrepresentation, or non-disclosure in relation to the **Proposal** or any renewal or extension of this **Policy** is deemed to have been furnished, supplied, omitted, misrepresented or not disclosed on behalf of all parties; and
- b) the conduct (other than conduct referred to in exclusion t) of one or more of **you** will not prejudice the rights of the remainder of **you** provided that the remainder of **you**, immediately on becoming aware of any conduct that increases the risk of liability insured by this **Policy**, gives notice in writing to **us** and pays any additional **Premium** that **we** may require.

Cancellation

This **Policy** may be cancelled by:

- a) **you** at any time notifying **us** in writing, in which case:
 - i. cancellation takes place when **we** receive the notice; and
 - ii. **we** will retain, or be entitled to, **Premium** for the period during which this **Policy** has been in force based on **our** normal short period rates together with any administration expenses and non-refundable taxes and duties.
- b) **us** on any grounds set out in the Insurance Contracts Act 1984, as amended from time to time, by giving **you** notice in writing, in which case **we** will refund the **Premium** paid for the unexpired part of the **Period of Insurance**.

You must supply **us** with such particulars as **we** may require for the adjustment of the **Premium** following any cancellation.

Jurisdiction

This **Policy** is governed by the laws of the State or Territory of the Commonwealth of Australia where it was issued and all disputes in respect of this **Policy** will be submitted to the exclusive jurisdiction of the courts of that State or Territory.

2. Conditions (cont'd)

Severability

A term or condition of this **Policy** that is illegal or unenforceable may be severed from this **Policy** and the remaining terms and conditions of this **Policy**, or parts thereof, continue in force.

Interpretation

The singular includes the plural and vice versa, unless the context otherwise requires. A reference to a person includes a body corporate, an unincorporated body or other entity. Headings are for convenience only and do not affect interpretation. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

3. Exclusions

We will not be liable for:

- a) the imposition of any, tax, fines, penalties, court costs, penalty tax or interest.
- b) costs incurred after completion of the **Audit**.
- c) any claim in respect of an **Audit** where any **Audit** was initiated, threatened or started prior to the commencement of the **Period of Insurance**.
- d) any liability arising from **your** refusal or failure to comply with any lawful request made by a Federal or State Commissioner of Taxation or other statutory body for the production of documents or the supply of information. This exclusion will not apply if **you** refuse or fail to comply upon the competent advice of **your Accountant** or tax agent.
- e) any claim in respect of an **Audit** pursuant to customs legislation.
- f) any claim in respect of an **Audit** of income received or earned, or where the source of income is, outside the Commonwealth of Australia or where the services giving rise to the claim are performed by persons or entities ordinarily resident outside Australia.
- g) any claim in respect of an **Audit** arising out of fraud or any criminal or fraudulent act or omission committed by **you** or on **your** behalf.
- h) any claim in respect of an **Audit** which result from **you**, or any person acting on **your** behalf, becoming aware of any error or deficiency in any return of income or other documentation supplied to a Federal or State Commissioner of Taxation and failing to notify the Commissioner of Taxation without delay.
- i) any claim in respect of an **Audit** when **you** are or become bankrupt or commit an act of bankruptcy, make or enter into a scheme of arrangement with creditors, or being a corporation, are in liquidation or come under the control of a receiver or receiver and manager or an agent for a mortgagee in possession.
- j) any claim in respect of an **Audit** arising out of any delay in the submission of a tax return.
- k) any claim in respect of an **Audit** arising out of the failure of a third party to submit an income tax return.
- l) any claim in respect of an **Audit** where the returns for the period in question were not prepared by or approved by an independent accountant or registered tax agent prior to lodgement with the Australian Tax Office.
- m) any claim in respect of an **Audit** conducted specifically to determine if any fine, penalty or prosecution should be imposed in relation to any act by **you** in relation to statutory or legal obligations.

3. Exclusions (cont'd)

- n) **Accountant's costs** incurred more than 12 months after the commencement of the **Audit** unless **you** can prove that any delay was due to the conduct of the auditor.
- o) **Audits** where **you** have not properly kept records which **you** are required to keep or where **you** are notified by an auditor that **you** have failed to keep required records or records kept are not satisfactory.
- p) any liability caused by or arising directly or indirectly out of the total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data or any error in creating, amending, entering, deleting or using Electronic Data or total or partial inability or failure to receive, send, access or use Electronic Data for any time at all or any consequential loss resulting from this.

Electronic Data includes facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software and other coded instructions for such equipment.
- q) any claim caused by or arising directly or indirectly out of or in connection with the use of an intranet or the Internet (including but not limited to the World Wide Web and electronic mail systems) by **you** or on **your** behalf.
- r) any claim caused by or arising directly or indirectly out of or in connection with computer hardware or software that does not meet Year 2000 Conformity, within the meaning of that term in Miscellaneous Paper SAA/SNZ MP77:1998 "A Definition of Year 2000" published by Standards Australia and as amended or substituted from time to time.
- s) any liability assumed by **you** under any contract or agreement except where the liability would have been implied by law in the absence of the contract or agreement.
- t) dishonest, fraudulent, criminal or malicious conduct or wilful breach of statute.
- u) claims made or actions brought in the United States of America, Canada or their territories, protectorates, or dependencies coming within the jurisdiction of the courts of the United States of America, Canada or their territories, protectorates or dependencies.
- v) claims and actions to which the laws of the United States of America, Canada or their territories, protectorates, or dependencies apply.
- w) loss in connection with war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, civil commotion, coup, military rising, insurrection, military or usurped power, rebellion, revolution, confiscation, nationalisation, requisition or looting, sacking or pillage, destruction of or damage to property by or under the order of any government or local authority.
- x) loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with any **Act of Terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
- y) loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any action in controlling, preventing, suppressing, retaliating against, or responding to any **Act of Terrorism**.
- z) claims caused by or arising directly or indirectly out of or in connection with nuclear weapons material or ionising radiation or contamination by radioactivity from any nuclear fuel or nuclear waste or from the combustion of nuclear fuel or from any other selfsustaining process of nuclear fission.

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calliden

Product Issued by
Calliden Insurance Limited

Level 7, 100 Arthur Street
North Sydney NSW 2060
Australia
Tel: +61 2 9551 1111
Fax: +61 2 9551 1155
www.calliden.com.au

ABN 47 004 125 268
AFSL 234438
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